



# Journal of the House

State of Indiana

113th General Assembly

First Regular Session

Fortieth Meeting Day

Thursday Morning

April 3, 2003

The House convened at 10:00 a.m. with the Speaker in the Chair.

The invocation was offered by Reverend Eric Stoops, United Methodist Church, Hamilton, the guest of Representative Dennis K. Kruse.

The Pledge of Allegiance to the Flag was led by Representative Kruse.

The Speaker ordered the roll of the House to be called:

T. Adams	Kromkowski
Aguilera	Kruse
Alderman	Kuzman
Austin	LaPlante
Avery	L. Lawson
Ayres	Lehe
Bardon	Leonard
Becker	Liggett
Behning	J. Lutz
Bischoff	Lytle
Borror	Mahern
Bosma	Mangus
Bottorff	Mays
C. Brown	McClain
T. Brown	Moses
Buck	Murphy
Budak	Neese
Buell	Noe
Burton	Orentlicher
Cheney	Oxley
Cherry	Pelath
Chowning	Pflum
Cochran	Pierce
Crawford ☐	Pond
Crooks	Porter ☐
Day	Reske
Denbo	Richardson
Dickinson	Ripley
Dobis	Robertson
Duncan	Ruppel
Dvorak	Saunders
Espich	Scholer
Foley	V. Smith
Frenz	Stevenson ☐
Friend	Stilwell
Frizzell	Stine
Fry	Stutzman
GiaQuinta	Summers ☐
Goodin	Thomas
Grubb ☐	Thompson
Gutwein	Torr
Harris	Turner
Hasler	Ulmer
Heim	Weinzapfel ☐
Herrell	Welch
Hinkle	Whetstone
Hoffman	Wolkins
Kersey	D. Young
Klinker	Yount ☐
Koch	Mr. Speaker

Roll Call 448: 93 present; 7 excused. The Speaker announced a quorum in attendance. [NOTE: ☐ indicates those who were excused.]

## HOUSE MOTION

Mr. Speaker: I move that when we do adjourn, we adjourn until Monday, April 7, 2003, at 1:30 p.m.

LIGGETT

Motion prevailed.

## MESSAGE FROM THE SENATE

Mr. Speaker: I hereby transmit Senate Enrolled Act 257 for signature.

MARY C. MENDEL  
Principal Secretary of the Senate

## RESOLUTIONS ON FIRST READING

### House Concurrent Resolution 45

Representatives Turner, Bosma, Frizzell, and Welch introduced House Concurrent Resolution 45:

A CONCURRENT RESOLUTION honoring Dr. John C. Maxwell for his lifelong mission helping individuals develop as leaders, for his prolific authorship and for the founding of EQUIP.

*Whereas, Dr. John Calvin Maxwell was born on February 20, 1947 in Garden City, Michigan; grew up in Circleville, Ohio; and accepted his first position as senior pastor in Hillham, Indiana;*

*Whereas, Dr. Maxwell, who holds a Doctorate of Divinity from Fuller Theological Seminary, has devoted his life to helping others develop as Christian leaders throughout the world;*

*Whereas, Dr. Maxwell has authored forty books, many on leadership, with over seven million copies sold and several on the New York Times Best Seller's List; these books have been published in over fifty languages;*

*Whereas, Dr. Maxwell founded the INJOY Group, a group promoting leadership that includes Injoy, Inc. founded in 1985, Injoy Stewardship Services founded in 1992, and Equip founded in 1996;*

*Whereas, Equip is Dr. Maxwell's most recent venture, and it is having a profound influence on individuals around the world, developing effective Christian leaders in every nation;*

*Whereas, A central mission of Equip is the Million Leaders Mandate, a program and goal to develop one million Christian leaders throughout the world by 2008;*

*Whereas, Equip is guided by a set of seven core values, which are Partnership (working cooperatively with other Christian organizations), Training (through insightful focused instruction), Prayer (praying for workers to be raised up and sent out), Resources (providing resources for fruitful leadership), Stewardship (training leaders to make a difference in the shortest period of time), Multiplication (cultivating leaders who will in turn cultivate other leaders), and Generosity (investing generously in Christian leaders worldwide);*

*Whereas, Dr. Maxwell is well-recognized as an international authority on leadership, prompting other experts in the field to comment that Dr. Maxwell has a passion for leadership, a love for his fellow man, a heart for God, and an extraordinary ability to make a difference in the lives of those who follow his advice;*

*Whereas, Dr. Maxwell's lifelong mission is teaching people how to be leaders in their own communities, making a difference in the*

*lives of others, and enhancing the quality of life and spiritual growth for people around the world: Therefore,*

*Be it resolved by the House of Representatives of the General Assembly of the State of Indiana, the Senate concurring:*

SECTION 1. That the Indiana General Assembly honors Dr. John C. Maxwell for his lifelong mission in helping individuals develop as leaders, for his prolific authorship, and for the founding of EQUIP.

SECTION 2. That the Principal Clerk of the Indiana House of Representatives is directed to transmit a copy of this resolution to Dr. John C. Maxwell.

The resolution was read a first time and adopted by voice vote. The Clerk was directed to inform the Senate of the passage of the resolution. Senate sponsors: Senators Drozda and Craycraft.

## REPORTS FROM COMMITTEES

### COMMITTEE REPORT

Mr. Speaker: Pursuant to House Rule 67, your Committee on Rules and Legislative Procedures has made the following corrections to House Bill 1155:

Page 2, line 28, after "3.3" insert "(a)".

(Reference is made to EHB 1155 as printed March 25, 2003.)

PELATH, Chair  
WHETSTONE, RMM  
GRUBB, Author

Report adopted.

### COMMITTEE REPORT

Mr. Speaker: Your Committee on Rules and Legislative Procedures, to which was referred House Resolution 17, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 8, nays 0.

PELATH, Chair

Report adopted.

### COMMITTEE REPORT

Mr. Speaker: Your Committee on Agriculture, Natural Resources and Rural Development, to which was referred Engrossed Senate Bill 86, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 2, line 31, delete "chairperson of the legislative council" and insert "**speaker of the house of representatives**".

Page 2, line 32, after "representatives" insert "**to serve**".

Page 2, line 32, after "group" delete "to serve".

Page 2, line 35, delete "chairperson of the legislative".

Page 2, line 36, delete "council" and insert "**president pro tempore of the senate**".

Page 2, line 36, after "senator" insert "**to serve**".

Page 2, line 37, delete "to serve".

(Reference is to SB 86 as printed February 5, 2003.)

and when so amended that said bill do pass.

Committee Vote: yeas 13, nays 0.

BISCHOFF, Chair

Report adopted.

### COMMITTEE REPORT

Mr. Speaker: Your Committee on Local Government, to which was referred Engrossed Senate Bill 211, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 12, nays 0.

MOSES, Chair

Report adopted.

## COMMITTEE REPORT

Mr. Speaker: Your Committee on Agriculture, Natural Resources and Rural Development, to which was referred Engrossed Senate Bill 219, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 13, nays 0.

BISCHOFF, Chair

Report adopted.

## COMMITTEE REPORT

Mr. Speaker: Your Committee on Local Government, to which was referred Engrossed Senate Bill 238, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 6-1.1-23-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 1. (a) Annually, after November 10th but prior to August 1st of the succeeding year, each county treasurer shall serve a written demand upon each county resident who is delinquent in the payment of personal property taxes. The written demand may be served upon the taxpayer:

(1) by registered or certified mail;

(2) in person by the county treasurer or his deputy; or

(3) by proof of certificate of mailing.

(b) The written demand required by this section shall contain:

(1) a statement that the taxpayer is delinquent in the payment of personal property taxes;

(2) the amount of the delinquent taxes;

(3) the penalties due on the delinquent taxes;

(4) the collection expenses which the taxpayer owes; and

(5) a statement that if the sum of the delinquent taxes, penalties, and collection expenses are not paid within thirty (30) days from the date the demand is made then:

(A) sufficient personal property of the taxpayer shall be sold to satisfy the total amount due plus the additional collection expenses incurred; or

(B) a judgment may be entered against the taxpayer in the circuit court of the county.

**(c) This subsection applies only to property taxes first due and payable after December 31, 2004. For the purpose of satisfying a creditor's lien on personal property, the creditor of a taxpayer who comes into possession of personal property on which the taxpayer is delinquent in the payment of personal property taxes must pay in full the delinquent personal property taxes to the county treasurer from the proceeds of any transfer of the personal property made by the creditor or its agent before applying the proceeds to the creditor's lien on the personal property."**

Renumber all SECTIONS consecutively.

(Reference is to SB 238 as printed January 31, 2003.)

and when so amended that said bill do pass.

Committee Vote: yeas 12, nays 0.

MOSES, Chair

Report adopted.

## COMMITTEE REPORT

Mr. Speaker: Your Committee on Courts and Criminal Code, to which was referred Engrossed Senate Bill 242, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 11, line 3, delete "D felony." and insert "**B misdemeanor**".

Page 11, line 4, delete "C felony" and insert "**A misdemeanor**".

(Reference is to SB 242 as printed February 21, 2003.)

and when so amended that said bill do pass.

Committee Vote: yeas 8, nays 0.

WEINZAPFEL, Chair

Report adopted.

## COMMITTEE REPORT

Mr. Speaker: Your Committee on Courts and Criminal Code, to which was referred Engrossed Senate Bill 286, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning state and local administration and to make an appropriation.

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 4-23-25-9, AS AMENDED BY P.L.291-2001, SECTION 167, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 9. The department of workforce development established by IC 22-4.1-2 shall provide staff and administrative support to:

(1) the commission; and

(2) the sexual assault standards and certification board.

SECTION 2. IC 4-23-25-11 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 11. (a) As used in this section, "board" refers to the sexual assault standards and certification board established by subsection (c).

(b) As used in this section, "rape crisis center" means an organization that provides a full continuum of services, including hotlines, victim advocacy, and support services from the onset of need for services through the completion of healing, to victims of sexual assault.

(c) The sexual assault standards and certification board is established and consists of the following seven (7) members appointed by the governor:

(1) A member recommended by the commission.

(2) A member from law enforcement.

(3) A member from the judicial system.

(4) A member recommended by the Indiana coalition against sexual assault.

(5) A member representing mental health professionals.

(6) A member representing hospital administration.

(7) A member who is an emergency room nurse.

(d) A member shall be appointed for a four (4) year term. Not more than four (4) members may be of the same political party.

(e) The members of the board shall elect a member to serve as chairperson.

(f) The board shall meet at the call of the chairperson. Four (4) members of the board constitute a quorum.

(g) The board shall:

(1) develop standards for certification as a sexual assault victim advocate;

(2) set fees that cover the costs for the certification process; and

(3) adopt rules under IC 4-22-2 to implement this section.

(h) Members of the board may not receive salary per diem. Members of the board are entitled to receive reimbursement for mileage for attendance at meetings.

(i) The sexual assault victims assistance account is established within the state general fund. The board shall administer the account to provide financial assistance to rape crisis centers. Money in the account must be distributed to a statewide nonprofit corporation whose primary purpose is pursuing the eradication of sexual violence in Indiana. The nonprofit corporation shall allocate money in the account to rape crisis centers. The account consists of:

(1) amounts transferred to the account for sexual assault victims assistance fees collected under IC 33-19-6-21;

(2) any appropriations to the account from other sources;

(3) fees collected for certification by the board;

(4) grants, gifts, and donations intended for deposit in the account; and

(5) interest accruing from the money in the account.

(j) The expenses of administering the account shall be paid from money in the account. The board shall designate not more than ten percent (10%) of the appropriation made each year to the nonprofit corporation for program administration. The

board may not use more than ten percent (10%) of the money collected from certification fees to administer the certification program.

(k) Money in the account is continually appropriated for purposes of this section.

(l) The treasurer of state shall invest the money in the account not currently needed to meet the obligations of the account in the same manner as other public money may be invested.

(m) Money in the account at the end of a state fiscal year does not revert to the state general fund."

Page 1, after line 8, begin a new paragraph and insert:

"SECTION 2. IC 33-19-7-1, AS AMENDED BY P.L.39-2002, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 1. (a) The clerk of a circuit court shall semiannually distribute to the auditor of state as the state share for deposit in the state general fund seventy percent (70%) of the amount of fees collected under the following:

(1) IC 33-19-5-1(a) (criminal costs fees).

(2) IC 33-19-5-2(a) (infraction or ordinance violation costs fees).

(3) IC 33-19-5-3(a) (juvenile costs fees).

(4) IC 33-19-5-4(a) (civil costs fees).

(5) IC 33-19-5-5(a) (small claims costs fees).

(6) IC 33-19-5-6(a) (probate costs fees).

(7) IC 33-19-6-16.2 (deferred prosecution fees).

(b) The clerk of a circuit court shall semiannually distribute to the auditor of state for deposit in the state user fee fund established under IC 33-19-9-2 the following:

(1) Twenty-five percent (25%) of the drug abuse, prosecution, interdiction, and correction fees collected under IC 33-19-5-1(b)(5).

(2) Twenty-five percent (25%) of the alcohol and drug countermeasures fees collected under IC 33-19-5-1(b)(6), IC 33-19-5-2(b)(4), and IC 33-19-5-3(b)(5).

(3) Fifty percent (50%) of the child abuse prevention fees collected under IC 33-19-5-1(b)(7).

(4) One hundred percent (100%) of the domestic violence prevention and treatment fees collected under IC 33-19-5-1(b)(8).

(5) One hundred percent (100%) of the highway work zone fees collected under IC 33-19-5-1(b)(9) and IC 33-19-5-2(b)(5).

(6) One hundred percent (100%) of the safe schools fee collected under IC 33-19-6-16.3.

(7) One hundred percent (100%) of the automated record keeping fee (IC 33-19-6-19).

(c) The clerk of a circuit court shall monthly distribute to the county auditor the following:

(1) Seventy-five percent (75%) of the drug abuse, prosecution, interdiction, and correction fees collected under IC 33-19-5-1(b)(5).

(2) Seventy-five percent (75%) of the alcohol and drug countermeasures fees collected under IC 33-19-5-1(b)(6), IC 33-19-5-2(b)(4), and IC 33-19-5-3(b)(5).

The county auditor shall deposit fees distributed by a clerk under this subsection into the county drug free community fund established under IC 5-2-11.

(d) The clerk of a circuit court shall monthly distribute to the county auditor fifty percent (50%) of the child abuse prevention fees collected under IC 33-19-5-1(b)(8). The county auditor shall deposit fees distributed by a clerk under this subsection into the county child advocacy fund established under IC 12-17-17.

(e) The clerk of a circuit court shall monthly distribute to the county auditor one hundred percent (100%) of the late payment fees collected under IC 33-19-6-20. The county auditor shall deposit fees distributed by a clerk under this subsection as follows:

(1) If directed to do so by an ordinance adopted by the county fiscal body, the county auditor shall deposit forty percent (40%) of the fees in the clerk's record perpetuation fund established under IC 33-19-6-1.5 and sixty percent (60%) of the fees in the county general fund.

(2) If the county fiscal body has not adopted an ordinance under subdivision (1), the county auditor shall deposit all the

fees in the county general fund.

(f) The clerk of the circuit court shall semiannually distribute to the auditor of state for deposit in the sexual assault victims assistance ~~fund~~ **account** established under ~~IC 16-19-13-6~~ **IC 4-23-25-11(i)** one hundred percent (100%) of the sexual assault victims assistance fees collected under IC 33-19-6-21.

(g) The clerk of a circuit court shall monthly distribute to the county auditor the following:

(1) One hundred percent (100%) of the support and maintenance fees for cases designated as non-Title IV-D child support cases in the Indiana support enforcement tracking system (ISETS) collected under IC 33-19-6-5.

(2) The percentage share of the support and maintenance fees for cases designated as IV-D child support cases in ISETS collected under IC 33-19-6-5 that is reimbursable to the county at the federal financial participation rate.

The county clerk shall monthly distribute to the office of the secretary of family and social services the percentage share of the support and maintenance fees for cases designated as Title IV-D child support cases in ISETS collected under IC 33-19-6-5 that is not reimbursable to the county at the applicable federal financial participation rate.

SECTION 3. IC 36-2-13-5.5, AS ADDED BY P.L.116-2002, SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 5.5. (a) The sheriffs shall jointly establish and maintain a sex offender web site, known as the Indiana sheriffs' sex offender registry, to inform the general public about the identity, location, and appearance of every sex offender residing within Indiana. The web site must provide information regarding each sex offender, organized by county of residence. **The web site shall be updated at least every seven (7) days.**

(b) The sex offender web site must include the following information:

- (1) A recent photograph of every sex offender who has registered with a sheriff after the effective date of this chapter.
- (2) The home address of every sex offender.
- (3) The information required to be included in the sex offender directory (IC 5-2-12-6).

(c) Every time a sex offender submits a new registration form to the sheriff, but at least once per year, the sheriff shall photograph the sex offender. The sheriff shall place this photograph on the sex offender web site.

(d) The photograph of a sex offender described in subsection (c) must meet the following requirements:

- (1) The photograph must be full face, front view, with a plain white or off-white background.
- (2) The image of the offender's face, measured from the bottom of the chin to the top of the head, must fill at least seventy-five percent (75%) of the photograph.
- (3) The photograph must be in color.
- (4) The photograph must show the offender dressed in normal street attire, without a hat or headgear that obscures the hair or hairline.
- (5) If the offender normally and consistently wears prescription glasses, a hearing device, wig, or a similar article, the photograph must show the offender wearing those items. A photograph may not include dark glasses or nonprescription glasses with tinted lenses unless the offender can provide a medical certificate demonstrating that tinted lenses are required for medical reasons.
- (6) The photograph must have sufficient resolution to permit the offender to be easily identified by a person accessing the sex offender web site.

(e) The sex offender web site may be funded from:

- (1) the jail commissary fund (IC 36-8-10-21);
- (2) a grant from the criminal justice institute; and
- (3) any other source, subject to the approval of the county fiscal body.

SECTION 4. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 2003]: IC 16-18-2-307.5; IC 16-19-13-6.

SECTION 5. [EFFECTIVE JULY 1, 2003] (a) **The initial terms of office for the seven (7) individuals appointed under**

**IC 4-23-25-11, as added by this act, are as follows:**

- (1) **Two (2) members for a term of four (4) years.**
- (2) **Two (2) members for a term of three (3) years.**
- (3) **Two (2) members for a term of two (2) years.**
- (4) **One (1) member for a term of one (1) year.**

(b) **The initial terms begin July 1, 2003.**

(c) **The governor shall call the board together for the first meeting and designate the term for each member under subsection (a).**

(d) **This SECTION expires July 1, 2007.**

SECTION 6. [EFFECTIVE JULY 1, 2003] (a) **All assets, funds, rights, and obligations of the sexual assault victims assistance fund (IC 16-19-13-6) on June 30, 2003, are transferred on July 1, 2003, to the sexual assault victims assistance account established by IC 4-23-25-11, as added by this act.**

(b) **This SECTION expires July 2, 2003."**

Renumber all SECTIONS consecutively.

(Reference is to SB 286 as printed February 7, 2003.) and when so amended that said bill do pass.

Committee Vote: yeas 11, nays 1.

WEINZAPFEL, Chair

Report adopted.

#### COMMITTEE REPORT

Mr. Speaker: Your Committee on Agriculture, Natural Resources and Rural Development, to which was referred Engrossed Senate Bill 304, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 3, line 10, after "combination" insert "of".

(Reference is to SB 304 as printed February 19, 2003.) and when so amended that said bill do pass.

Committee Vote: yeas 12, nays 1.

BISCHOFF, Chair

Report adopted.

#### COMMITTEE REPORT

Mr. Speaker: Your Committee on Courts and Criminal Code, to which was referred Engrossed Senate Bill 314, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 10, nays 0.

WEINZAPFEL, Chair

Report adopted.

#### COMMITTEE REPORT

Mr. Speaker: Your Committee on Human Affairs, to which was referred Engrossed Senate Bill 362, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, line 5, after "may" insert "**discreetly**".

Page 1, line 6, delete "child" and insert "**child, if the child is less than three (3) years of age,**".

Page 1, after line 6, begin a new paragraph and insert:

"SECTION 2. IC 35-45-4-1, AS AMENDED BY P.L.121-2000, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 1. (a) **Except as provided in subsection (b),** a person who knowingly or intentionally, in a public place:

- (1) engages in sexual intercourse;
  - (2) engages in deviate sexual conduct;
  - (3) appears in a state of nudity; or
  - (4) fondles the person's genitals or the genitals of another person;
- commits public indecency, a Class A misdemeanor.

(b) **It is a defense for a person accused of committing an act under subsection (a)(3) that the accused person was breastfeeding her child in a public place.**

(c) However, the offense under subsection (a) is a Class D felony if the person commits the offense:

- (1) by appearing in the state of nudity with the intent to arouse the sexual desires of the person or another person in or on a public place where a child less than sixteen (16) years of age is present;
- (2) in a public park and has a prior unrelated conviction that was entered after June 30, 2000, for an offense under this section;
- (3) in or on school property and has a prior unrelated conviction that was entered after June 30, 2000, for an offense under this section; or
- (4) in department of natural resources owned or managed property and has a prior unrelated conviction that was entered after June 30, 2000, for an offense under this section.

(d) "Nudity" means the showing of the human male or female genitals, pubic area, or buttocks with less than a fully opaque covering, the showing of the female breast with less than a fully opaque covering of any part of the nipple, or the showing of covered male genitals in a discernibly turgid state.

(e) A person who, in a place other than a public place, with the intent to be seen by persons other than invitees and occupants of that place:

- (1) engages in sexual intercourse;
- (2) engages in deviate sexual conduct; or
- (3) fondles the person's genitals or the genitals of another person;

where the person can be seen by persons other than invitees and occupants of that place commits indecent exposure, a Class C misdemeanor.

**SECTION 3. [EFFECTIVE JULY 1, 2003] IC 35-45-4-1, as amended by this act, applies to offenses committed after June 30, 2003."**

(Reference is to SB 362 as printed February 14, 2003.)  
and when so amended that said bill do pass.

Committee Vote: yeas 13, nays 0.

SUMMERS, Chair

Report adopted.

#### COMMITTEE REPORT

Mr. Speaker: Your Committee on Labor and Employment, to which was referred Engrossed Senate Bill 410, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning state and local administration.

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 5-10.2-2-2.5, AS AMENDED BY P.L. 61-2002, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 2.5. (a) Each board may establish investment guidelines and limits on all types of investments (including, but not limited to, stocks and bonds) and take other actions necessary to fulfill its duty as a fiduciary for all assets under its control, subject to the limitations and restrictions set forth in **section 18 of this chapter**, IC 5-10.3-5-3, and IC 21-6.1-3-9.

(b) Each board may commingle or pool assets with the assets of any other persons or entities. This authority includes, but is not limited to, the power to invest in commingled or pooled funds, partnerships, or mortgage pools. In the event of any such investment, the board shall keep separate detailed records of the assets invested. Any decision to commingle or pool assets is subject to the limitations and restrictions set forth in IC 5-10.3-5-3 and IC 21-6.1-3-9.

SECTION 2. IC 5-10.2-2-18 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 18. (a) As used in this section, "high growth company" means a sole proprietorship, firm, corporation, partnership, limited liability company, limited liability partnership, joint venture, trust, syndicate, or other business unit or association that:**

**(1) is not engaged in a business involving:**

- (A) real estate;**
- (B) real estate development;**
- (C) insurance;**
- (D) professional services provided by an accountant, a lawyer, or a physician;**
- (E) retail sales, except when the primary purpose of the business is the development or support of electronic commerce using the Internet; or**
- (F) gas and oil exploration; and**

**(2) either:**

- (A) is entering a new product or process area;**
- (B) has a substantial number of employees in jobs:**
  - (i) requiring postsecondary education or its equivalent; or**
  - (ii) that are in occupational codes classified as high skill by the Bureau of Labor Statistics, United States Department of Labor;**
- (C) is primarily focused on the commercialization of research and development, technology transfers, or the application of new technology; or**
- (D) has had average annual revenues of less than ten million dollars (\$10,000,000) in each of the last two (2) calendar years.**

**(b) As used in this section, "venture capital" means capital invested in privately held equity or debt assets of a high growth company.**

**(c) If the board decides to allocate part of the fund assets to venture capital, the board shall adopt the following goals for its venture capital investments:**

- (1) The board's goal for investment in Indiana based high growth companies is at least twenty-five percent (25%) of the amount allocated to venture capital.**
- (2) The board's goal for investment in Indiana based or Indiana focused venture capital funds is at least twenty-five percent (25%) of the amount allocated to venture capital.**
- (3) The board's goal is to give preference to venture capital investments that could benefit high growth companies that are started in or with assistance from Indiana universities and colleges.**

**(d) The board has five (5) years after the date the goals in subsection (c) are adopted to achieve the goal percentages.**

**(e) A venture capital investment counts toward achieving the target percentage for all goals in which the investment qualifies.**

**(f) The board is not required to achieve the goal percentages under subsection (c) if the board exercising financial and fiduciary prudence determines that sufficient appropriate venture capital investments are not available in Indiana.**

**(g) This section expires July 1, 2013.**

SECTION 3. IC 5-10.3-5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 3. (a) The board shall invest its assets with the care, skill, prudence, and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims. The board shall also diversify such investments in accordance with prudent investment standards, **subject to the limitations and restrictions set forth in IC 5-10.2-2-18.**

(b) The board may invest up to five percent (5%) of the excess of its cash working balance in debentures of the corporation for innovation development subject to IC 30-4-3-3.

(c) The board is not subject to IC 4-13, IC 4-13.6, and IC 5-16 when managing real property as an investment. Any management agreements entered into by the board must ensure that the management agent acts in a prudent manner with regard to the purchase of goods and services. Contracts for the management of investment property shall be submitted to the governor, the attorney general, and the budget agency for approval. A contract for management of real property as an investment:

- (1) may not exceed a four (4) year term and must be based upon guidelines established by the board;

(2) may provide that the property manager may collect rent and make disbursements for routine operating expenses such as utilities, cleaning, maintenance, and minor tenant finish needs; (3) must establish, consistent with the board's duty under IC 30-4-3-3(c), guidelines for the prudent management of expenditures related to routine operation and capital improvements; and

(4) may provide specific guidelines for the board to purchase new properties, contract for the construction or repair of properties, and lease or sell properties without individual transactions requiring the approval of the governor, the attorney general, the Indiana department of administration, and the budget agency. However, each individual contract involving the purchase or sale of real property is subject to review and approval by the attorney general at the specific request of the attorney general.

(d) Whenever the board takes bids in managing or selling real property, the board shall require a bid submitted by a trust (as defined in IC 30-4-1-1(a)) to identify all of the following:

(1) Each beneficiary of the trust.

(2) Each settlor empowered to revoke or modify the trust.

SECTION 4. IC 21-6.1-3-9, AS AMENDED BY P.L.1-2002, SECTION 88, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 9. (a) The board shall invest its assets with the care, skill, prudence, and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims. The board shall also diversify such investments in accordance with prudent investment standards, **subject to the limitations and restrictions set forth in IC 5-10.2-2-18.**

(b) The board may:

(1) make or have made investigations concerning investments; and

(2) contract for and employ investment counsel to advise and assist in the purchase and sale of securities.

(c) The board is not subject to IC 4-13, IC 4-13.6, or IC 5-16 when managing real property as an investment. Any management agreements entered into by the board must ensure that the management agent acts in a prudent manner with regard to the purchase of goods and services. Contracts for the management of investment property shall be submitted to the governor, the attorney general, and the budget agency for approval. A contract for the management of real property as an investment:

(1) may not exceed a four (4) year term and must be based upon guidelines established by the board;

(2) may provide that the property manager may collect rent and make disbursements for routine operating expenses such as utilities, cleaning, maintenance, and minor tenant finish needs;

(3) shall establish, consistent with the board's duty under IC 30-4-3-3(c), guidelines for the prudent management of expenditures related to routine operation and capital improvements; and

(4) may provide specific guidelines for the board to purchase new properties, contract for the construction or repair of properties, and lease or sell properties without individual transactions requiring the approval of the governor, the attorney general, the Indiana department of administration, and the budget agency. However, each individual contract involving the purchase or sale of real property is subject to review and approval by the attorney general at the specific request of the attorney general.

(d) Whenever the board takes bids in managing or selling real property, the board shall require a bid submitted by a trust (as defined in IC 30-4-1-1(a)) to identify all of the following:

(1) Each beneficiary of the trust.

(2) Each settlor empowered to revoke or modify the trust.

SECTION 5. [EFFECTIVE JULY 1, 2003] **IC 5-10.2-2-18, as added by this act, applies only to investments made after June 30, 2003."**

Renumber all SECTIONS consecutively.

(Reference is to SB 410 as printed February 5, 2003.)

and when so amended that said bill do pass.

Committee Vote: yeas 9, nays 0.

LIGGETT, Chair

Report adopted.

#### COMMITTEE REPORT

Mr. Speaker: Your Committee on Labor and Employment, to which was referred Engrossed Senate Bill 412, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 12, nays 0.

LIGGETT, Chair

Report adopted.

#### COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Engrossed Senate Bill 454, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 14, line 3, after "the" insert "**following**:".

Page 14, line 4, delete "acquisition", begin a new line block indented and insert:

"(1) Acquisition".

Page 14, line 6, delete "," and insert ".".

Page 14, line 6, strike "and".

Page 14, line 7, strike "for".

Page 14, line 7, delete "studies", begin a new line block indented and insert:

"(2) Studies".

Page 14, line 7, delete "," and insert ".".

Page 14, line 7, strike "and including".

Page 14, between lines 7 and 8, begin a new line block indented and insert:

"(3) **Studies in connection with transportation by water, intermodal transportation, and other modes of transportation.**

(4) **Transfers to the fund established by IC 14-13-2-19 to carry out the purposes of IC 14-13-2."**

Page 14, line 8, delete "administrative", begin a new line block indented and insert:

"(5) Administrative".

Page 14, line 8, strike "Said", begin a new line blocked left and insert:

"The".

(Reference is to ESB 454 as printed March 28, 2003.) and when so amended that said bill do pass.

Committee Vote: yeas 27, nays 1.

CRAWFORD, Chair

Report adopted.

#### COMMITTEE REPORT

Mr. Speaker: Your Committee on Human Affairs, to which was referred Engrossed Senate Bill 457, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 2, line 13, delete "are licensed under IC 25; and" and insert "**are**:"

(A) **licensed under IC 25; and**

(B) **authorized within the provider's scope of practice to administer immunizations; and"**.

Page 2, line 14, after "individuals" insert ";".

Page 2, line 14, begin a new line blocked left beginning with "who".

Page 2, line 15, after "providers" insert ", upon request,".

Page 2, line 24, delete "a" and insert "an".

Page 2, line 37, delete "guardian," and insert "**guardian**".

(Reference is to SB 457 as printed February 14, 2003.)

and when so amended that said bill do pass.

Committee Vote: yeas 9, nays 4.

SUMMERS, Chair

Report adopted.

#### COMMITTEE REPORT

Mr. Speaker: Your Committee on Judiciary, to which was referred Engrossed Senate Bill 479, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, line 16, after "and" insert "**an**".

Page 2, line 32, delete "subsection (b)(2)" and insert "**subdivision (2).**".

Page 5, line 1, after "IC 35-42-4" insert ",".

Page 6, line 20, after "IC 35-42-4" insert ",".

Page 9, line 36, strike "a person".

Page 9, line 36, delete "(as)".

Page 9, line 36, strike "defined".

Page 9, line 36, delete "in" and insert "**an individual;**".

Page 9, delete lines 37 through 38.

Page 9, line 39, strike "federal agency;" and insert "**partnership;**

**(3) an association;**

**(4) a limited liability company;**

**(5) a corporation;**

**(6) a business trust;**".

Page 9, line 40, strike "(3)" and insert "**(7)**".

Page 10, line 2, delete "(4)".

Page 10, line 2, strike "a private, public, or quasi-public corporation or a public".

Page 10, strike line 3.

Page 10, line 4, delete "(5)".

Page 10, line 4, strike "a public agency operating wholly within or as part of a".

Page 10, strike line 5, begin a new line block indented and insert:

**"(8) a governmental agency; or**

**(9) a political subdivision;**

**that has at least two (2) employees during any work week."**

Page 10, between lines 17 and 18, begin a new paragraph and insert:

"SECTION 15. IC 35-33-1-1, AS AMENDED BY P.L.133-2002, SECTION 59, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 1. (a) A law enforcement officer may arrest a person when the officer has:

(1) a warrant commanding that the person be arrested;

(2) probable cause to believe the person has committed or attempted to commit, or is committing or attempting to commit, a felony;

(3) probable cause to believe the person has violated the provisions of IC 9-26-1-1(1), IC 9-26-1-1(2), IC 9-26-1-2(1), IC 9-26-1-2(2), IC 9-26-1-3, IC 9-26-1-4, or IC 9-30-5;

(4) probable cause to believe the person is committing or attempting to commit a misdemeanor in the officer's presence;

(5) probable cause to believe the person has committed a:

(A) battery resulting in bodily injury under IC 35-42-2-1; or

(B) domestic battery under IC 35-42-2-1.3.

The officer may use an affidavit executed by an individual alleged to have direct knowledge of the incident alleging the elements of the offense of battery to establish probable cause;

(6) probable cause to believe that the person violated IC 35-46-1-15.1 (invasion of privacy);

(7) probable cause to believe that the person violated IC 35-47-2-1 (carrying a handgun without a license) or IC 35-47-2-22 (counterfeit handgun license); ~~or~~

(8) probable cause to believe that the person is violating or has violated an order issued under IC 35-50-7; ~~or~~

**(9) probable cause to believe that the person is:**

**(A) violating or has violated IC 35-45-2-5 (interference with the reporting of a crime); and**

**(B) interfering with or preventing the reporting of a crime involving domestic or family violence (as defined in IC 34-6-2-34.5).**

(b) A person who:

(1) is employed full time as a federal enforcement officer;

(2) is empowered to effect an arrest with or without warrant for a violation of the United States Code; and

(3) is authorized to carry firearms in the performance of the person's duties;

may act as an officer for the arrest of offenders against the laws of this state where the person reasonably believes that a felony has been or is about to be committed or attempted in the person's presence."

Renumber all SECTIONS consecutively.

(Reference is to SB 479 as printed February 7, 2003.)

and when so amended that said bill do pass.

Committee Vote: yeas 13, nays 0.

L. LAWSON, Chair

Report adopted.

#### COMMITTEE REPORT

Mr. Speaker: Your Committee on Courts and Criminal Code, to which was referred Engrossed Senate Bill 482, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 10, nays 0.

WEINZAPFEL, Chair

Report adopted.

#### COMMITTEE REPORT

Mr. Speaker: Your Committee on Judiciary, to which was referred Engrossed Senate Bill 485, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 2, line 39, after "misconduct." insert "**This section shall not affect the right of any individual to receive:**

**(1) benefits to which the individual would otherwise be entitled under:**

**(A) the worker's compensation law (IC 22-3-2 through IC 22-3-6); or**

**(B) any pension law; or**

**(2) any benefits or compensation under any federal law."**

(Reference is to SB 485 as printed February 14, 2003.)

and when so amended that said bill do pass.

Committee Vote: yeas 10, nays 1.

L. LAWSON, Chair

Report adopted.

#### RESOLUTIONS ON SECOND READING

##### House Resolution 17

House Resolution 17, authored by Representatives Porter and Whetstone, was read a second time and adopted by voice vote.

#### ENGROSSED SENATE BILLS ON SECOND READING

##### Engrossed Senate Bill 67

Representative Pflum called down Engrossed Senate Bill 67 for second reading. The bill was read a second time by title. There being no amendments, the bill was ordered engrossed.

##### Engrossed Senate Bill 203

Representative Welch called down Engrossed Senate Bill 203 for second reading. The bill was read a second time by title.

#### HOUSE MOTION (Amendment 203-2)

Mr. Speaker: I move that Engrossed Senate Bill 203 be amended to read as follows:

Replace the effective dates in SECTIONS 1 through 2 with "[EFFECTIVE UPON PASSAGE]".

Page 2, after line 10, begin a new paragraph and insert:

"SECTION 3. **An emergency is declared for this act.**"



(Reference is to ESB 203 as printed March 25, 2003.)

WELCH

Motion prevailed. The bill was ordered engrossed.

### Engrossed Senate Bill 222

Representative Reske called down Engrossed Senate Bill 222 for second reading. The bill was read a second time by title. There being no amendments, the bill was ordered engrossed.

### Engrossed Senate Bill 227

Representative Klinker called down Engrossed Senate Bill 227 for second reading. The bill was read a second time by title.

HOUSE MOTION  
(Amendment 227-1)

Mr. Speaker: I move that Engrossed Senate Bill 227 be amended to read as follows:

Page 2, line 23, delete ":" and insert "**the same process prescribed under Indiana Trial Rule 4.1. The county office of family and children shall present proof of service of the notice at the case review.**".

Page 2, strike lines 24 through 26.

(Reference is to ESB 227 as printed April 1, 2003.)

KUZMAN

Motion prevailed. The bill was ordered engrossed.

### Engrossed Senate Bill 383

Representative Fry called down Engrossed Senate Bill 383 for second reading. The bill was read a second time by title. There being no amendments, the bill was ordered engrossed.

### Engrossed Senate Bill 386

Representative Hasler called down Engrossed Senate Bill 386 for second reading. The bill was read a second time by title. There being no amendments, the bill was ordered engrossed.

### Engrossed Senate Bill 401

Representative Reske called down Engrossed Senate Bill 401 for second reading. The bill was read a second time by title. There being no amendments, the bill was ordered engrossed.

### Engrossed Senate Bill 446

Representative Fry called down Engrossed Senate Bill 446 for second reading. The bill was read a second time by title.

HOUSE MOTION  
(Amendment 446-1)

Mr. Speaker: I move that Engrossed Senate Bill 446 be amended to read as follows:

Page 2, delete lines 11 through 42.

Page 3, delete lines 1 through 9.

Page 4, line 11, delete "and Saturday".

Page 4, line 11, reset in roman "and between one-half (½) hour before".

Page 4, reset in roman line 12.

Renumber all SECTIONS consecutively.

(Reference is to ESB 446 as printed April 1, 2003.)

FRY

Motion prevailed. The bill was ordered engrossed.

### Engrossed Senate Bill 474

Representative Reske called down Engrossed Senate Bill 474 for second reading. The bill was read a second time by title.

HOUSE MOTION  
(Amendment 474-1)

Mr. Speaker: I move that Engrossed Senate Bill 474 be amended to read as follows:

Page 6, line 17, after "(MCSIA)" insert "**(Public Law 106-159.113 Stat. 1748).**".

Page 6, delete line 18.

Page 8, line 17, delete "or 49 CFR 384." and insert "**(Public Law 106-159.113 Stat. 1748).**".

Page 8, line 25, delete "or 49 CFR" and insert "**(Public Law 106-159.113 Stat. 1748).**".

Page 8, delete line 26.

Page 8, line 34, delete "or 49 CFR" and insert "**(Public Law 106-159.113 Stat. 1748).**".

Page 8, delete line 35.

Page 10, line 41, delete "or 49 CFR" and insert "**(Public Law 106-159.113 Stat. 1748).**".

Page 10, delete line 42.

Page 11, line 7, delete "or 49 CFR" and insert "**(Public Law 106-159.113 Stat. 1748).**".

Page 11, delete line 8.

Page 12, line 29, delete "Notwithstanding IC 9-24-6-1, as amended by this act, the".

Page 12, delete lines 30 through 34.

Page 12, line 35, delete "(d)".

Page 12, run in lines 29 through 35.

Page 12, line 42, delete "(e)" and insert "**(d)**".

Page 13, line 8, delete "or 49 CFR 384;" and insert "**(Public Law 106-159.113 Stat. 1748);**".

(Reference is to ESB 474 as printed March 21, 2003.)

RESKE

Motion prevailed. The bill was ordered engrossed.

### Engrossed Senate Bill 477

Representative Mahern called down Engrossed Senate Bill 477 for second reading. The bill was read a second time by title. There being no amendments, the bill was ordered engrossed.

### Engrossed Senate Bill 389

Representative Frenz called down Engrossed Senate Bill 389 for second reading. The bill was read a second time by title. There being no amendments, the bill was ordered engrossed.

## ENGROSSED SENATE BILLS ON THIRD READING

### Engrossed Senate Bill 166

Representative Cochran called down Engrossed Senate Bill 166 for third reading:

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

The bill was read a third time by sections and placed upon its passage. The question was, Shall the bill pass?

Roll Call 449: yeas 90, nays 0. The bill was declared passed. The question was, Shall the title of the bill remain the title of the act? There being no objection, it was so ordered. The Clerk was directed to inform the Senate of the passage of the bill.

The Speaker yielded the gavel to the Speaker Pro Tempore, Representative Dobis.

### Engrossed Senate Bill 169

Representative Goodin called down Engrossed Senate Bill 169 for third reading:

A BILL FOR AN ACT to amend the Indiana Code concerning state and local administration.

The bill was read a third time by sections and placed upon its passage. The question was, Shall the bill pass?

Roll Call 450: yeas 87, nays 2. The bill was declared passed. The question was, Shall the title of the bill remain the title of the act? There being no objection, it was so ordered. The Clerk was directed to inform the Senate of the passage of the bill.



**Engrossed Senate Bill 207**

Representative Bottorff called down Engrossed Senate Bill 207 for third reading:

A BILL FOR AN ACT to amend the Indiana Code concerning environmental law.

The bill was read a third time by sections and placed upon its passage. The question was, Shall the bill pass?

Roll Call 451: yeas 92, nays 0. The bill was declared passed. The question was, Shall the title of the bill remain the title of the act? There being no objection, it was so ordered. The Clerk was directed to inform the Senate of the passage of the bill.

**Engrossed Senate Bill 354**

Representative Fry called down Engrossed Senate Bill 354 for third reading:

A BILL FOR AN ACT to amend the Indiana Code concerning labor and industrial safety.

The bill was read a third time by sections and placed upon its passage. The question was, Shall the bill pass?

Roll Call 452: yeas 89, nays 1. The bill was declared passed. The question was, Shall the title of the bill remain the title of the act? There being no objection, it was so ordered. The Clerk was directed to inform the Senate of the passage of the bill.

The House recessed until the fall of the gavel.

**RECESS**

The House reconvened at 11:00 a.m. with the Speaker in the Chair.

**REPORTS FROM COMMITTEES****COMMITTEE REPORT**

Mr. Speaker: Your Committee on Appointments and Claims, to which was referred Engrossed Senate Bill 35, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, delete lines 12 through 17, begin a new line double block indented and insert:

**"(A) three hundred thousand dollars (\$300,000) for a cause of action that accrues before July 1, 2005;**

**(B) five hundred thousand dollars (\$500,000) for a cause of action that accrues on or after July 1, 2005 and before July 1, 2007; or**

**(C) seven hundred thousand dollars (\$700,000) for a cause of action that accrues on or after July 1, 2007; and".**

Page 2, delete line 1.

Page 2, delete line 42, begin a new line double block indented and insert:

**"(A) three hundred thousand dollars (\$300,000) for a cause of action that accrues before July 1, 2005;**

**(B) five hundred thousand dollars (\$500,000) for a cause of action that accrues on or after July 1, 2005 and before July 1, 2007; or**

**(C) seven hundred thousand dollars (\$700,000) for a cause of action that accrues on or after July 1, 2007; and".**

Page 3, delete lines 1 through 6.

(Reference is to SB 35 as printed February 21, 2003.)  
and when so amended that said bill do pass.

Committee Vote: yeas 9, nays 3.

HARRIS, Chair

Report adopted.

**COMMITTEE REPORT**

Mr. Speaker: Your Committee on Appointments and Claims, to which was referred Engrossed Senate Bill 75, has had the same under consideration and begs leave to report the same back to the House

with the recommendation that said bill do pass.

Committee Vote: yeas 12, nays 0.

HARRIS, Chair

Report adopted.

**COMMITTEE REPORT**

Mr. Speaker: Your Committee on Labor and Employment, to which was referred Engrossed Senate Bill 87, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 9, nays 0.

LIGGETT, Chair

Report adopted.

**COMMITTEE REPORT**

Mr. Speaker: Your Committee on Local Government, to which was referred Engrossed Senate Bill 188, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 12, nays 0.

MOSES, Chair

Report adopted.

**COMMITTEE REPORT**

Mr. Speaker: Your Committee on Appointments and Claims, to which was referred Engrossed Senate Bill 349, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, line 8, delete "equal to the minimum" and insert **"of one hundred dollars (\$100)."**

Page 1, delete lines 9 through 16.

Page 2, between lines 15 and 16, begin a new paragraph and insert:

**"SECTION 2. IC 33-5-40-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 1. (a) There is established a superior court in St. Joseph County, Indiana, which court shall consist of eight (8) judges.**

**(b) To be eligible to hold office as a judge of a St. Joseph superior court, a person must be:**

**(1) a resident of St. Joseph County;**

**(2) less than seventy (70) years of age at the time of taking office; and**

**(3) admitted to the practice of law in Indiana.**

**SECTION 3. IC 33-5-40-41 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 41. (a) The commission shall submit only the names of the five (5) most highly qualified candidates from among all those eligible individuals considered. To be eligible for nomination as a judge of the St. Joseph superior court, a person must be ~~domiciled in a resident of~~ the county of St. Joseph, a citizen of the United States, **less than seventy (70) years of age at the time of taking office**, and admitted to the practice of law in the courts of this state.**

**(b) In abiding by the mandate in subsection (a) of this section, the commission shall evaluate in writing each eligible individual on the following factors:**

**(1) Law school record, including any academic honors and achievements;**

**(2) Contribution to scholarly journals and publications, legislative draftings, and legal briefs;**

**(3) Activities in public service, including:**

**(i) (A) writings and speeches concerning public or civic affairs which are on public record, including but not limited to campaign speeches or writing, letters to newspapers, testimony before public agencies;**

**(ii) (B) efforts and achievements in improving the administration of justice; and**

**(iii) (C) other conduct relating to his profession.**

**(4) Legal experience, including the number of years of practicing law, the kind of practice involved, and reputation as**

- a trial lawyer or judge;
- (5) Probable Judicial temperament;
- (6) Physical condition, including age, stamina, and possible habitual intemperance;
- (7) Personality traits, including the exercise of sound judgment, ability to compromise and conciliate patience, decisiveness and dedication;
- (8) Membership on boards of directors, financial interest, and any other consideration which might create conflict of interest with a judicial office;
- (9) Any other pertinent information which the commission feels is important in selecting the best qualified individuals for judicial office.

(c) These written evaluations shall not be made on an individual until he states in writing that he desires to hold a judicial office that is or will be created by vacancy.

(d) The political affiliations of any candidate shall not be considered by the commission in evaluating and determining which eligible candidates shall be recommended to the governor for a vacancy on the St. Joseph superior court.

**SECTION 4. [EFFECTIVE JULY 1, 2003] IC 33-5-40-1, as amended by this act, does not apply to a judge who holds office on June 30, 2003, until the end of the judge's current term."**

Renumber all SECTIONS consecutively.

(Reference is to SB 349 as printed January 31, 2003.)

and when so amended that said bill do pass.

Committee Vote: yeas 8, nays 4.

HARRIS, Chair

Report adopted.

#### COMMITTEE REPORT

Mr. Speaker: Your Committee on Education, to which was referred Engrossed Senate Bill 501, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete everything after the enacting clause and insert the following:

**SECTION 1. IC 6-1.1-19-1.5, AS AMENDED BY P.L.90-2002, SECTION 173, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)]:** Sec. 1.5. (a) The following definitions apply throughout this section and IC 21-3-1.7:

- (1) "Adjustment factor" means the adjustment factor determined by the department of local government finance for a school corporation under IC 6-1.1-34.
- (2) "Adjusted target property tax rate" means:
  - (A) the school corporation's target general fund property tax rate determined under IC 21-3-1.7-6.8; multiplied by
  - (B) the school corporation's adjustment factor.
- (3) "Previous year property tax rate" means the school corporation's previous year general fund property tax rate after the reductions cited in IC 21-3-1.7-5(1), IC 21-3-1.7-5(2), and IC 21-3-1.7-5(3).

(b) Except as otherwise provided in this chapter, a school corporation may not, for an ensuing calendar year, impose a general fund ad valorem property tax levy which exceeds the following:

**STEP ONE: Determine the result of:**

- (A) the school corporation's adjusted target property tax rate; minus
- (B) the school corporation's previous year property tax rate.

**STEP TWO: Determine the result of:**

- (A) the school corporation's target general fund property tax rate determined under IC 21-3-1.7-6.8; multiplied by
- (B) the quotient resulting from:
  - (i) the absolute value of the result of the school corporation's adjustment factor minus one (1); divided by
  - (ii) two (2).

**STEP THREE: If the school corporation's adjusted target property tax rate:**

- (A) exceeds the school corporation's previous year property tax rate, perform the calculation under STEP FOUR and not

under STEP FIVE;

(B) is less than the school corporation's previous year property tax rate, perform the calculation under STEP FIVE and not under STEP FOUR; or

(C) equals the school corporation's previous year property tax rate, determine the levy resulting from using the school corporation's adjusted target property tax rate and do not perform the calculation under STEP FOUR or STEP FIVE.

The school corporation's 2002 assessed valuation shall be used for purposes of determining the levy under clause (C) in 2002 and in 2003.

**STEP FOUR: Determine the levy resulting from using the school corporation's previous year property tax rate after increasing the rate by the lesser of:**

(A) the STEP ONE result; or

(B) the sum of:

(i) five cents (\$0.05); plus

(ii) if the school corporation's adjustment factor is more than one (1), the STEP TWO result.

The school corporation's 2002 assessed valuation shall be used for purposes of determining the levy under this STEP in 2002 and in 2003.

**STEP FIVE: Determine the levy resulting from using the school corporation's previous year property tax rate after reducing the rate by the lesser of:**

(A) the absolute value of the STEP ONE result; or

(B) the sum of:

(i) nine cents (\$0.09); plus

(ii) if the school corporation's adjustment factor is less than one (1), the STEP TWO result.

The school corporation's 2002 assessed valuation shall be used for purposes of determining the levy under this STEP in 2002 and in 2003.

**STEP SIX: Determine the result of:**

(A) the STEP THREE (C), STEP FOUR, or STEP FIVE result, whichever applies; plus

(B) an amount equal to the annual decrease in federal aid to impacted areas from the year preceding the ensuing calendar year by three (3) years to the year preceding the ensuing calendar year by two (2) years.

The maximum levy is to include the portion of any excessive levy and the levy for new facilities.

**STEP SEVEN: Determine the result of:**

(A) the STEP SIX result; plus

(B) the product of:

(i) the amount determined under IC 21-3-1.7-6.7(c) STEP SIX; multiplied by

(ii) thirty-five hundredths (0.35); multiplied by

(iii) the number of students, as determined by the department of education, who have legal settlement in the school corporation and are enrolled in a charter school. In determining the number of students, each kindergarten pupil shall be counted as one-half (½) pupil.

**The result determined under this STEP may not be included in the school corporation's adjusted base levy for the year following the year in which the result applies or in the school corporation's determination of tuition support.**

(c) For purposes of this section, "total assessed value", as adjusted under subsection (d), with respect to a school corporation means the total assessed value of all taxable property for ad valorem property taxes first due and payable during that year.

(d) The department of local government finance may adjust the total assessed value of a school corporation to eliminate the effects of appeals and settlements arising from a statewide general reassessment of real property.

(e) The department of local government finance shall annually establish an assessment ratio and adjustment factor for each school corporation to be used upon the review and recommendation of the budget committee. The information compiled, including background documentation, may not be used in a:

(1) review of an assessment under IC 6-1.1-8, IC 6-1.1-13,

IC 6-1.1-14, or IC 6-1.1-15;

- (2) petition for a correction of error under IC 6-1.1-15-12; or
- (3) petition for refund under IC 6-1.1-26.

(f) All tax rates shall be computed by rounding the rate to the nearest one-hundredth of a cent (\$0.0001). All tax levies shall be computed by rounding the levy to the nearest dollar amount.

SECTION 2. IC 6-1.1-19-12 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)]: **Sec. 12. (a) Not later than the date on which the department of local government finance certifies a final action under IC 6-1.1-17-16, the department of local government finance shall provide to each county auditor the amount determined under IC 20-5.5-7-3(c)(6) for each charter school attended by a student who has legal settlement in both the county and a school corporation located in the county.**

(b) This subsection applies beginning with the first distribution of property taxes to a school corporation after December 31, 2003. At the same time a county auditor distributes property taxes to a school corporation, the county auditor shall distribute to a charter school the amount described in subsection (a) for the charter school.

(c) A distribution of property taxes to a school corporation does not include an amount distributed under subsection (b).

SECTION 3. IC 20-5.5-1-1.3 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: **Sec. 1.3. "ADM of the previous year" or "ADM of the prior year" has the meaning set forth in IC 21-3-1.6-1.1(m).**

SECTION 4. IC 20-5.5-1-1.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: **Sec. 1.5. "Average daily membership" or "ADM" has the meaning set forth in IC 21-3-1.6-1.1(d).**

SECTION 5. IC 20-5.5-1-5.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: **Sec. 5.5. "Current ADM" has the meaning set forth in IC 21-3-1.6-1.1(n).**

SECTION 6. IC 20-5.5-3-16 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 16. (a) Notwithstanding any other provision of this chapter, not more than twenty-five (25) charter schools may be established in Indiana.**

(b) When the department has received notice of the acceptance of twenty-five (25) charter school proposals, the department shall notify each potential sponsor of a charter school that no further proposals may be accepted.

SECTION 7. IC 20-5.5-6-1, AS ADDED BY P.L.100-2001, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 1. (a) Except as provided in subsection (b), individuals who work at a charter school are employees of the charter school or of an entity with which the charter school has contracted to provide services.**

(b) Teachers in a conversion charter school are employees of both the charter school and the school corporation that sponsored the charter school. For purposes of the collective bargaining agreement, conversion charter school teachers are considered employees of the school corporation that sponsored the charter school.

(c) All benefits accrued by teachers as employees of the conversion charter school are the financial responsibility of the conversion charter school. The conversion charter school is required to pay those benefits directly or to reimburse the school corporation for the cost of the benefits.

(d) All benefits accrued by a teacher during the time that the teacher was an employee only of the school corporation that sponsored the charter school are the financial responsibility of the school corporation. The school corporation is required to pay those benefits directly or to reimburse the conversion charter school for the cost of the benefits.

(e) For any other purpose, a teacher is an employee of the charter school.

SECTION 8. IC 20-5.5-7-3, AS ADDED BY P.L.100-2001, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)]: **Sec. 3. (a) Not later than the date established by the department for determining average daily membership under IC 21-3-1.6-1.1(d), and after May 31, the organizer shall submit to the department the following information on a form prescribed by the department:**

- (1) The number of students enrolled in the charter school.
- (2) The name and address of each student. ~~and~~
- (3) The name of the school corporation in which the student resides: has legal settlement.
- (4) The name of the school corporation, if any, that the student attended during the immediately preceding school year.
- (5) The grade level in which the student will enroll in the charter school.

The department shall verify the accuracy of the information reported.

(b) After verifying the accuracy of the information reported under subsection (a); This subsection applies after December 31 of the calendar year in which a charter school begins its initial operation. The department shall distribute the following to the organizer

- (1) Tuition support and other state funding for any purpose for students in the charter school;
- (2) A proportionate share of state and federal funds received for students with disabilities or staff services for students with disabilities for the students with disabilities enrolled in the charter school;
- (3) A proportionate share of funds received under federal or state categorical aid programs for students who are eligible for the federal or state aid enrolled in the charter school: the amount determined under IC 21-3-1.7 for the charter school. The department shall make a distribution under this subsection at the same time and in the same manner as the department makes a distribution under IC 21-3-1.7.

(c) Not later than the date established by the department for determining average daily membership under IC 21-3-1.6-1.1(d); the organizer shall submit to each governing body a report of the total number and names of students from the governing body's school corporation enrolled in the charter school. Upon verifying the accuracy of the information reported, the governing body shall distribute to the organizer a proportionate share of local support for the students enrolled in the charter school in an amount determined under STEP THREE of the following formula:

STEP ONE: Add the revenues obtained by the school corporation's:

- (A) general fund property tax levy; and
- (B) general fund auto excise and financial institutions tax.

STEP TWO: Divide the sum determined under STEP ONE by the total number of students enrolled in the school corporation.

STEP THREE: Multiply the quotient determined under STEP TWO by the number of students enrolled in the charter school.

(d) The distribution under subsection (b) shall be made on the same schedule as the schedule on which the school corporation receives the funds:

(c) The department shall provide to the department of local government finance the following information:

- (1) For each county, the number of students who:
  - (A) have legal settlement in the county; and
  - (B) attend a charter school.
- (2) The school corporation in which each student described in subdivision (1) has legal settlement.
- (3) The charter school that a student described in subdivision (1) attends and the county in which the charter school is located.
- (4) The amount determined under IC 6-1.1-19-1.5(b) STEP SEVEN for each school corporation described in subdivision (2).
- (5) The amount determined under STEP TWO of the following formula:

STEP ONE: Determine the product of:

- (A) the amount determined under IC 21-3-1.7-6.7(b) for a charter school described in subdivision (3); multiplied by
- (B) thirty-five hundredths (0.35).

**STEP TWO:** Determine the product of:

- (A) the STEP ONE amount; multiplied by
- (B) the current ADM of a charter school described in subdivision (3).

(6) The amount determined under STEP THREE of the following formula:

**STEP ONE:** Determine the number of students described in subdivision (1) who:

- (A) attend the same charter school; and
- (B) have legal settlement in the same school corporation located in the county.

**STEP TWO:** Determine the subdivision (5) STEP ONE amount for a charter school described in STEP ONE (A).

**STEP THREE:** Determine the product of:

- (A) the STEP ONE amount; multiplied by
- (B) the STEP TWO amount.

SECTION 9. IC 20-5.5-7-3.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)]: Sec. 3.5. (a) This section applies to a conversion charter school.

(b) Not later than the date established by the department for determining average daily membership under IC 21-3-1.6-1.1(d), and after July 2, the organizer shall submit to a governing body on a form prescribed by the department the information reported under section 3(a) of this chapter for each student who:

- (1) is enrolled in the organizer's conversion charter school; and
- (2) has legal settlement in the governing body's school corporation.

(c) Beginning not more than sixty (60) days after the department receives the information reported under section 3(a) of this chapter, the department shall distribute to the organizer:

- (1) tuition support and other state funding for any purpose for students enrolled in the conversion charter school;
- (2) a proportionate share of state and federal funds received for students with disabilities or staff services for students with disabilities for students with disabilities enrolled in the conversion charter school; and
- (3) a proportionate share of funds received under federal or state categorical aid programs for students who are eligible for the federal or state categorical aid and are enrolled in the conversion charter school;

for the second six (6) months of the calendar year in which the conversion charter school is established. The department shall make a distribution under this subsection at the same time and in the same manner as the department makes a distribution to the governing body of the school corporation in which the conversion charter school is located. A distribution to the governing body of the school corporation in which the conversion charter school is located is reduced by the amount distributed to the conversion charter school. This subsection does not apply to a conversion charter school after December 31 of the calendar year in which the conversion charter school is established.

(d) The subsection applies beginning with the first property tax distribution described in IC 6-1.1-27-1 to the governing body of the school corporation in which a conversion charter school is located after the governing body receives the information reported under subsection (b). Not more than ten (10) days after the governing body receives a property tax distribution described in IC 6-1.1-27-1, the governing body shall distribute to the conversion charter school the amount determined under STEP THREE of the following formula:

**STEP ONE:** Determine the quotient of:

- (A) the number of students who:
  - (i) are enrolled in the conversion charter school; and
  - (ii) were counted in the ADM of the previous year for

the school corporation in which the conversion charter school is located; divided by

- (B) the current ADM of the school corporation in which the conversion charter school is located.

In determining the number of students enrolled under clause (A)(i), each kindergarten pupil shall be counted as one-half (½) pupil.

**STEP TWO:** Determine the total amount of the following revenues to which the school corporation in which the conversion charter school is located is entitled for the second six (6) months of the calendar year in which the conversion charter school is established:

(A) Revenues obtained by the school corporation's:

- (i) general fund property tax levy; and
- (ii) excise tax revenue (as defined in IC 21-3-1.7-2).

(B) The school corporation's certified distribution of county adjusted gross income tax revenue under IC 6-3.5-1.1 that is to be used as property tax replacement credits.

**STEP THREE:** Determine the product of:

- (A) the STEP ONE amount; multiplied by
- (B) the STEP TWO amount.

(e) Subsection (d) does not apply to a conversion charter school after the later of the following dates:

- (1) December 31 of the calendar year in which the conversion charter school is established.
- (2) Ten (10) days after the date on which the governing body of the school corporation in which the conversion charter school is located receives the final distribution described in IC 6-1.1-27-1 of revenues to which the school corporation in which the conversion charter school is located is entitled for the second six (6) months of the calendar year in which the conversion charter school is established.

(f) This subsection applies during the second six (6) months of the calendar year in which a conversion charter school is established. A conversion charter school may apply for an advance from the charter school advancement account under IC 20-5.5-7.5 in the amount determined under STEP FOUR of the following formula:

**STEP ONE:** Determined the result under subsection (d) STEP ONE (A).

**STEP TWO:** Determine the difference between:

- (A) the conversion charter school's current ADM; minus
- (B) the STEP ONE amount.

**STEP THREE:** Determine the quotient of:

- (A) the STEP TWO amount; divided by
- (B) the conversion charter school's current ADM.

**STEP FOUR:** Determine the product of:

- (A) the STEP THREE amount; multiplied by
- (B) the quotient of:
  - (i) the subsection (d) STEP TWO amount; divided by
  - (ii) two (2).

SECTION 10. IC 20-5.5-7-5, AS ADDED BY P.L.100-2001, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)]: Sec. 5. (a) An organizer may apply for and accept for a charter school:

- (1) independent financial grants; or
- (2) funds from public or private sources other than the department.

(b) An organizer shall make all applications, enter into all contracts, and sign all documents necessary for the receipt by a charter school of aid, money, or property from the federal government.

SECTION 11. IC 20-5.5-7-9 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)]: Sec. 9. (a) This section applies if:

- (1) a sponsor:
  - (A) revokes a charter before the end of the term for which the charter is granted; or
  - (B) does not renew a charter; or

(2) a charter school otherwise terminates its charter before the end of the term for which the charter is granted.

(b) Any local or state funds that remain to be distributed to the charter school in the calendar year in which an event described in subsection (a) occurs shall be distributed as follows:

(1) First, to the common school loan fund to repay any existing obligations of the charter school under IC 20-5.5-7.5.

(2) Second, to the entities that distributed the funds to the charter school. A distribution under this subdivision shall be on a pro rata basis.

(c) If the funds described in subsection (b) are insufficient to repay all existing obligations of the charter school under IC 20-5.5-7.5, the state shall repay any remaining obligations of the charter school under IC 20-5.5-7.5 from the amount appropriated for distributions under IC 21-3-1.7.

SECTION 12. IC 20-5.5-7.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)]:

**Chapter 7.5. Charter School Advancement Account**

Sec. 1. The charter school advancement account is established within the common school fund.

Sec. 2. As used in this chapter, "operational costs" means costs other than construction costs incurred by:

(1) a charter school other than a conversion charter school during the second six (6) months of the calendar year in which the charter school begins its initial operation; or

(2) a charter school, including a conversion charter school, during the second six (6) months of a calendar year in which the charter school's most recent enrollment reported under IC 20-5.5-7-3(a) divided by the charter school's previous year's ADM is at least one and fifteen-hundredths (1.15).

Sec. 3. The board shall advance money to charter schools from the charter school advancement account to be used for operational costs.

Sec. 4. (a) The amount of an advance under section 3 of this chapter for operational costs described in section 2(1) of this chapter may not exceed the amount determined under STEP THREE of the following formula:

STEP ONE: Determine the product of:

(A) the charter school's enrollment reported under IC 20-5.5-7-3(a); multiplied by

(B) the statewide average amount determined under IC 21-3-1.7-6.7(c) STEP SIX.

STEP TWO: Determine the quotient of:

(A) the STEP ONE amount; divided by

(B) two (2).

STEP THREE: Determine the product of:

(A) the STEP TWO amount; multiplied by

(B) one and fifteen-hundredths (1.15).

(b) The amount of an advance under section 3 of this chapter for operational costs described in section 2(2) of this chapter may not exceed the amount determined under STEP FOUR of the following formula:

STEP ONE: Determine the quotient of:

(A) the amount determined under IC 21-3-1.7-6.7(b) for the charter school; divided by

(B) two (2).

STEP TWO: Determined the difference between:

(A) the charter school's current ADM; minus

(B) the charter school's ADM of the previous year.

STEP THREE: Determine the product of:

(A) the STEP ONE amount; multiplied by

(B) the STEP TWO amount.

STEP FOUR: Determined the product of:

(A) the STEP THREE amount; multiplied by

(B) one and fifteen-hundredths (1.15).

Sec. 5. (a) Money advanced to a charter school under this chapter may be advanced for a period not to exceed twenty (20) years. A charter school to which money is advanced under this chapter must pay interest on the advance at the rate determined

under section 6 of this chapter. The board shall provide that the advances are prepayable by the charter school or by the general assembly at any time.

(b) This subsection applies if the general assembly prepays an advance of money under this chapter. Any prepayment under this subsection must be deducted from the amount appropriated for distributions under IC 21-3-1.7.

(c) The board, after consulting with the department and upon approval of the budget agency, shall establish the terms of an advance before the date on which the advance is made. The terms must include a provision allowing the state to withhold funds due to a charter school to which an advance is made until the advance, including interest accrued on the advance, is paid.

Sec. 6. The state board of finance shall establish periodically the rate of interest payable on advances of money under this chapter. An interest rate established under this section may not:

(1) be less than one percent (1%); and

(2) exceed four percent (4%).

Sec. 7. (a) To ensure timely payment of an advance under this chapter according to the terms of the advance, the state may withhold from funds due to the charter school to which the advance is made an amount necessary to pay the advance and the interest on the advance.

(b) If the state withholds funds under subsection (a), the state first shall withhold funds from the distribution of state tuition support to the charter school to which the advance is made. If the tuition support distribution is unavailable or inadequate, the state may withhold funds from any other distribution of state funds to the charter school.

Sec. 8. A charter school that desires to obtain an advance under this chapter must submit an application to the board on a form prescribed by the board after consulting with the department and the budget agency for the board to determine the amount of the advance.

Sec. 9. (a) An advance under this chapter to a charter school is not an obligation of the charter school within the meaning of any constitutional limitation on or prohibition against indebtedness. This chapter does not relieve the organizer of the charter school to qualify the charter school for state tuition support.

(b) An agreement with the board to collect and pay over amounts deducted from state tuition support for the benefit of another party is not a debt of the state within the meaning of any constitutional limitation on or prohibition against state indebtedness.

Sec. 10. Priority of advances for operational costs must be on a basis determined by the board after consulting with the department and the budget agency.

Sec. 11. The board shall annually set aside from the principal of the common school loan fund four million dollars (\$4,000,000) for advances made under this chapter and under IC 20-5.5-7-3.5(f). If the total amount of advances made under this chapter and under IC 20-5.5-7-3.5(f) in a calendar year is less than four million dollars (\$4,000,000), the unused funds remain in the common school fund. The total amount of advances made under this chapter and under IC 20-5.5-7-3.5(f) in a calendar year may not exceed four million dollars (\$4,000,000). This section expires June 30, 2006.

SECTION 13. IC 20-5.5-8-5, AS ADDED BY P.L.100-2001, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: Sec. 5. The following statutes and rules and guidelines adopted under the following statutes apply to a charter school:

(1) IC 5-11-1-9 (required audits by the state board of accounts).

(2) IC 20-1-1.5 (unified accounting system).

(3) IC 20-1-6 (special education).

(4) IC 20-5-2-7 and IC 20-6.1-3-7.1 (criminal history).

(5) IC 20-5-2-3 (subject to laws requiring regulation by state agencies).

(6) IC 20-6.1-4-15 (void teacher contract when two (2) contracts are signed).

(7) IC 20-6.1-6-11 (nondiscrimination for teacher marital

status).

(8) IC 20-6.1-6-13 (teacher freedom of association).

(9) IC 20-6.1-6-15 (school counselor immunity).

(10) For conversion charter schools only, IC 20-6.1-4, IC 20-6.1-5 and IC 20-6.1-6.

(11) IC 20-8.1-3 (compulsory school attendance).

(12) IC 20-8.1-4 (limitations on employment of children).

(13) IC 20-8.1-5.1-13, IC 20-8.1-5.1-15, and IC 20-8.1-5.1-15.5 (student due process and judicial review).

(14) IC 20-8.1-5.1-10 (firearms and deadly weapons).

(15) IC 20-8.1-7 and IC 20-8.1-8 (health and safety measures).

~~(16) IC 20-8.1-9-3 (exemption from school fees for eligible families and fee reimbursement).~~

~~(17) IC 20-8.1-9-5 (notice to parents concerning financial assistance).~~

~~(18) (16) IC 20-8.1-12 (reporting of student violations of law).~~

~~(19) (17) IC 20-10.1-2-4 and IC 20-10.1-2-6 (patriotic commemorative observances).~~

~~(20) (18) IC 20-10.1-16, IC 20-10.1-17, or any other statute, rule, or guideline related to standardized testing (assessment programs, including remediation under the assessment programs).~~

~~(21) (19) IC 20-10.1-22.4 (parental access to education records).~~

~~(22) (20) IC 20-10.2 (accountability for school performance and improvement).~~

SECTION 14. IC 20-6.1-4-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 15. **(a) Void Contract When Two Contracts Are Signed.** A contract entered into after August 15 between a school corporation and a teacher is void if the teacher, at the time of signing the contract, is bound by a previous contract to teach in a public school. However, another contract may be signed by the teacher which will be effective if the teacher:

(1) he furnishes the governing body a release by the employers under the previous contract; or

(2) he shows proof that twenty-one (21) days' written notice was delivered by the teacher to the first employer.

Each governing body may request from the teacher at the time of contracting a written statement as to whether the teacher has signed another teaching contract. However, the teacher's failure to provide the statement is not a cause for subsequently voiding the contract.

**(b) This section does not apply to an individual who works at a conversion charter school for purposes of the individual's employment with the school corporation that sponsored the conversion charter school.**

SECTION 15. IC 20-8.1-9-0.3 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: **Sec. 0.3. As used in this chapter, "governing body" includes the organizer of a charter school.**

SECTION 16. IC 20-8.1-9-0.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: **Sec. 0.7. As used in this chapter, "school corporation" includes a charter school.**

SECTION 17. IC 20-8.1-9-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: Sec. 3. (a) If a parent of a child or an emancipated minor who is enrolled in a public school, in grades K-12, meets the financial eligibility standard under section 2 of this chapter, the parent or the emancipated minor may not be required to pay the fees for school books, supplies, or other required class fees. Such fees shall be paid by the school corporation in which the child resides, attends.

(b) The school corporation may apply for a reimbursement under section 9 of this chapter from the department of the costs incurred under subsection (a).

(c) To the extent the reimbursement received by the school corporation is less than the textbook rental fee assessed for textbooks that have been adopted under IC 20-10.1-9-1 or waived under IC 20-10.1-9-27, the school corporation may request that the parent or emancipated minor pay the balance of this amount.

SECTION 18. IC 21-1-4-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: Sec. 1. (a) It is the duty of the general assembly under the Constitution of the State of Indiana to encourage by all suitable means moral, intellectual, scientific, and agricultural improvement and to provide, by law, for a general and uniform system of common schools, wherein tuition shall be without charge, and equally open to all.

(b) It is the intent of the general assembly that:

(1) the common school fund should be used to:

**(A) assist school corporations and school townships in financing their school building construction and educational technology programs; and**

**(B) assist charter schools in financing their operations;** as authorized by law and under circumstances such that the principal of the fund remains inviolate;

(2) to the end described in subdivision (1), the common school fund may be used to make advances to:

**(A) school corporations and school townships under IC 21-1-5; and**

**(B) charter schools under IC 20-5.5-7-3.5(f) and IC 20-5.5-7.5; and**

(3) this chapter is in furtherance of the duties which are imposed exclusively upon the general assembly by the Constitution of the State of Indiana in connection with the maintenance of a general and uniform system of common schools and the investment and reinvestment of the common school fund and shall be liberally construed to carry out the purposes of the Constitution of the State of Indiana.

(c) In addition, the common school fund may be used to make advances under IC 21-1-5.1.

SECTION 19. IC 21-1-30-0.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: **Sec. 0.5 As used in this chapter, "school corporation" includes a charter school established under IC 20-5.5.**

SECTION 20. IC 21-1-30-3, AS AMENDED BY P.L.291-2001, SECTION 91, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: Sec. 3. (a) The amount to be distributed to a school corporation under this chapter is the amount determined by the following formula:

STEP ONE: Determine the applicable target pupil teacher ratio for the school corporation as follows:

(A) If the school corporation's at-risk index is less than seventeen hundredths (0.17), the school corporation's target pupil teacher ratio is eighteen to one (18:1).

(B) If the school corporation's at-risk index is at least seventeen hundredths (0.17) but less than twenty-seven hundredths (0.27), the school corporation's target pupil teacher ratio is fifteen (15) plus the result determined in item (iii):

(i) Determine the result of twenty-seven hundredths (0.27) minus the school corporation's at-risk index.

(ii) Determine the item (i) result divided by one-tenth (0.1).

(iii) Determine the item (ii) result multiplied by three (3).

(C) If the school corporation's at-risk index is at least twenty-seven hundredths (0.27), the school corporation's target pupil teacher ratio is fifteen to one (15:1).

STEP TWO: Determine the result of:

(A) the ADM of the school corporation, as determined under section 2(2) of this chapter, in kindergarten through grade 3 for the current school year; divided by

(B) the school corporation's target pupil teacher ratio, as determined in STEP ONE.

STEP THREE: Determine the result of:

(A) the total regular general fund revenue (the amount determined in STEP ONE of IC 21-3-1.7-8) **IC 21-3-1.7-8(b) STEP ONE** multiplied by seventy-five hundredths (0.75); divided by

(B) the school corporation's total ADM.

STEP FOUR: Determine the result of:

- (A) the STEP THREE result; multiplied by
- (B) the ADM of the school corporation, as determined under section 2(2) of this chapter in kindergarten through grade 3 for the current school year.

STEP FIVE: Determine the result of:

- (A) the STEP FOUR result; divided by
- (B) the staff cost amount.

STEP SIX: Determine the greater of zero (0) or the result of:

- (A) the STEP TWO amount; minus
- (B) the STEP FIVE amount.

STEP SEVEN: Determine the result of:

- (A) the STEP SIX amount; multiplied by
- (B) the staff cost amount.

STEP EIGHT: Determine the greater of the STEP SEVEN amount or the school corporation's guaranteed amount.

STEP NINE: If the amount the school corporation received under this chapter in the previous calendar year is greater than zero (0), determine the lesser of:

- (A) the STEP EIGHT amount; or
- (B) the amount the school corporation received under this chapter for the previous calendar year multiplied by one hundred seven and one-half percent (107.5%).

For 2000 calculations, the amount the school corporation received under this chapter for the previous calendar year is the 1999 calendar year allocation, before any penalty was assessed under this chapter.

(b) The amount received under this chapter shall be devoted to reducing class size in kindergarten through grade 3. A school corporation shall compile class size data for kindergarten through grade 3 and report the data to the department of education for purposes of maintaining compliance with this chapter.

SECTION 21. IC 21-2-4-7, AS ADDED BY P.L.178-2002, SECTION 89, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: Sec. 7. (a) The governing body of a school corporation may adopt a resolution to transfer after June 30, 2002, and before January 1, 2003, money that is:

- (1) not greater than the remainder of the amount described in ~~IC 21-3-1.7-8~~ **IC 21-3-1.7-8(b)** STEP TWO (C) minus the amount transferred under IC 21-2-11.5-5(a) and IC 21-2-15-13.1(a); and
- (2) on deposit in the school corporation's debt service fund;

to the school corporation's general fund for use for any general fund purpose.

(b) The governing body of a school corporation may adopt a resolution to transfer after December 31, 2002, and before July 1, 2003, money that is:

- (1) not greater than the remainder of the amount described in ~~IC 21-3-1.7-8~~ **IC 21-3-1.7-8(b)** STEP TWO (D) minus the amount transferred under IC 21-2-11.5-5(b) and IC 21-2-15-13.1(b); and
- (2) on deposit in the school corporation's debt service fund;

to the school corporation's general fund for use for any general fund purpose.

(c) This section expires July 1, 2003.

SECTION 22. IC 21-2-11.5-5, AS ADDED BY P.L.178-2002, SECTION 90, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: Sec. 5. (a) The governing body of a school corporation may adopt a resolution to transfer after June 30, 2002, and before January 1, 2003, money that is:

- (1) not greater than the remainder of the amount described in ~~IC 21-3-1.7-8~~ **IC 21-3-1.7-8(b)** STEP TWO (C) minus the amount transferred under IC 21-2-4-7(a) and IC 21-2-15-13.1(a); and
- (2) on deposit in the school corporation's:

- (A) transportation fund;
- (B) school bus replacement fund; or
- (C) both the transportation fund and school bus replacement fund;

to the school corporation's general fund for use for any general fund purpose.

(b) The governing body of a school corporation may adopt a resolution to transfer after December 31, 2002, and before July 1, 2003, money that is:

- (1) not greater than the remainder of the amount described in ~~IC 21-3-1.7-8~~ **IC 21-3-1.7-8(b)** STEP TWO (D) minus the amount transferred under IC 21-2-4-7(b) and IC 21-2-15-13.1(b); and
- (2) on deposit in the school corporation's:

- (A) transportation fund;
- (B) school bus replacement fund; or
- (C) both the transportation fund and school bus replacement fund;

to the school corporation's general fund for use for any general fund purpose.

(c) This section expires July 1, 2003.

SECTION 23. IC 21-2-15-13.1, AS ADDED BY P.L.178-2002, SECTION 93, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: Sec. 13.1. (a) The governing body of a school corporation may adopt a resolution to transfer after June 30, 2002, and before January 1, 2003, money that is:

- (1) not greater than the remainder of the amount described in ~~IC 21-3-1.7-8~~ **IC 21-3-1.7-8(b)** STEP TWO (C) minus the amount transferred under IC 21-2-4-7(a) and IC 21-2-11.5-5(a); and
- (2) on deposit in the school corporation's capital projects fund;

to the school corporation's general fund for use for any general fund purpose.

(b) The governing body of a school corporation may adopt a resolution to transfer after December 31, 2002, and before July 1, 2003, money that is:

- (1) not greater than the remainder of the amount described in ~~IC 21-3-1.7-8~~ **IC 21-3-1.7-8(b)** STEP TWO (D) minus the amount transferred under IC 21-2-4-7(b) and IC 21-2-11.5-5(b); and
- (2) on deposit in the school corporation's capital projects fund;

to the school corporation's general fund for use for any general fund purpose.

(c) This section expires July 1, 2003.

SECTION 24. IC 21-3-1.6-1.1, AS AMENDED BY P.L.111-2002, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: Sec. 1.1. As used in this chapter:

(a) "School corporation" means any local public school corporation established under Indiana law. **For purposes of subsection (d), the term includes a charter school established under IC 20-5.5.**

(b) "School year" means a year beginning July 1 and ending the next succeeding June 30.

(c) "State distribution" due a school corporation means the amount of state funds to be distributed to a school corporation in any calendar year under this chapter.

(d) "Average daily membership" or "ADM" of a school corporation means the number of eligible pupils enrolled in the school corporation or in a transferee corporation on a day to be fixed annually by the Indiana state board of education. Such day shall fall within the first thirty (30) days of the school term. If, however, extreme patterns of student in-migration, illness, natural disaster, or other unusual conditions in a particular school corporation's enrollment on the particular day thus fixed, cause the enrollment to be unrepresentative of the school corporation's enrollment throughout a school year, the Indiana state board of education may designate another day for determining the school corporation's enrollment. The Indiana state board of education shall monitor changes that occur after the fall count, in the number of students enrolled in programs for children with disabilities and shall, before December 2 of that same year, make an adjusted count of students enrolled in programs for children with disabilities. The superintendent of public instruction shall certify the adjusted count to the budget committee before February 5 of the following year. In determining the ADM, each kindergarten pupil shall be counted as one-half (½) pupil. Where a school corporation commences kindergarten in a school year, the



ADM of the current and prior calendar years shall be adjusted to reflect the enrollment of the kindergarten pupils. In determining the ADM, each pupil enrolled in a public school and a nonpublic school is to be counted on a full-time equivalency basis as provided in section 1.2 of this chapter. **"Current ADM" of a school corporation, used in computing its state distribution in a calendar year means the ADM of the school year ending in the calendar year. "ADM of the previous year" or "ADM of the prior year" of a school corporation used in computing its state distribution in a calendar year means the ADM of the school corporation for the school year ending in the preceding calendar year.**

(e) "Additional count" of a school corporation, or comparable language, means the aggregate of the additional counts of the school corporation for certain pupils as set out in section 3 of this chapter (repealed) and as determined at the times for calculating ADM. "Current additional count" means the additional count of the school corporation for the school year ending in the calendar year. "Prior year additional count" of a school corporation used in computing its state distribution in a calendar year means the additional count of the school corporation for the school year ending in the preceding calendar year.

(f) "Adjusted assessed valuation" of any school corporation used in computing state distribution for a calendar year means the assessed valuation in the school corporation, adjusted as provided in IC 6-1.1-34. The amount of the valuation shall also be adjusted downward by the department of local government finance to the extent it consists of real or personal property owned by a railroad or other corporation under the jurisdiction of a federal court under the federal bankruptcy laws (11 U.S.C. 101 et seq.) if as a result of the corporation being involved in a bankruptcy proceeding the corporation is delinquent in payment of its Indiana real and personal property taxes for the year to which the valuation applies. If the railroad or other corporation in some subsequent calendar year makes payment of the delinquent taxes, then the state superintendent of public instruction shall prescribe adjustments in the distributions of state funds pursuant to this chapter as are thereafter to become due to a school corporation affected by the delinquency as will ensure that the school corporation will not have been unjustly enriched under the provisions of P.L.382-1987(ss). The amount of the valuation shall also be adjusted downward by the department of local government finance to the extent it consists of real or personal property described in IC 6-1.1-17-0.5(b).

(g) "General fund" means a school corporation fund established under IC 21-2-11-2.

(h) "Teacher" means every person who is required as a condition of employment by a school corporation to hold a teacher's license issued or recognized by the state, except substitutes and any person paid entirely from federal funds.

(i) "Teacher ratio" of a school corporation used in computing state distribution in any calendar year means the ratio assigned to the school corporation pursuant to section 2 of this chapter.

(j) "Eligible pupil" means a pupil enrolled in a school corporation if:

- (1) the school corporation has the responsibility to educate the pupil in its public schools without the payment of tuition;
- (2) subject to subdivision (5), the school corporation has the responsibility to pay transfer tuition under IC 20-8.1-6.1, because the pupil is transferred for education to another school corporation (the "transferee corporation");
- (3) the pupil is enrolled in a school corporation as a transfer student under IC 20-8.1-6.1-3 or entitled to be counted for ADM or additional count purposes as a resident of the school corporation when attending its schools under any other applicable law or regulation;
- (4) the state is responsible for the payment of transfer tuition to the school corporation for the pupil under IC 20-8.1-6.1; or
- (5) all of the following apply:

- (A) The school corporation is a transferee corporation.
- (B) The pupil does not qualify as a qualified pupil in the transferee corporation under subdivision (3) or (4).
- (C) The transferee corporation's attendance area includes a state licensed private or public health care facility, child care

- facility, or foster family home where the pupil was placed:
- (i) by or with the consent of the division of family and children;
- (ii) by a court order;
- (iii) by a child placing agency licensed by the division of family and children; or
- (iv) by a parent or guardian under IC 20-8.1-6.1-5.

**For purposes of IC 21-3-12, the term includes a student enrolled in a charter school.**

(k) "General fund budget" of a school corporation means the amount of the budget approved for a given year by the department of local government finance and used by the department of local government finance in certifying a school corporation's general fund tax levy and tax rate for the school corporation's general fund as provided for in IC 21-2-11.

(l) "At risk index" means the following:

**(1) For a school corporation, the sum of:**

- (1) **(A)** the product of sixteen-hundredths (0.16) multiplied by the percentage of families in the school corporation with children who are less than eighteen (18) years of age and who have a family income below the federal income poverty level (as defined in IC 12-15-2-1);
- (2) **(B)** the product of four-tenths (0.4) multiplied by the percentage of families in the school corporation with a single parent; and
- (3) **(C)** the product of forty-four hundredths (0.44) multiplied by the percentage of the population in the school corporation who are at least twenty (20) years of age with less than a twelfth grade education.

The data to be used in making the calculations under this ~~subsection~~ **subdivision** must be the data from the 1990 federal decennial census.

**(2) For a charter school, the lesser of:**

- (A) the statewide average of the indices determined under subdivision (1); or**
- (B) the index determined under subdivision (1) for the school corporation in which the charter school is located.**

**(m) "ADM of the previous year" or "ADM of the prior year" used in computing a state distribution in a calendar year means:**

**(1) For a:**

- (A) school corporation; or**
- (B) charter school beginning in the second calendar year after the calendar year in which the charter school begins its initial operation;**

**the ADM for the school year ending in the preceding calendar year.**

**(2) For a conversion charter school in the calendar year after the calendar year in which the conversion charter school is established, the ADM for the school year ending in the preceding calendar year of the school that converted to the charter school under IC 20-5.5-11.**

**(n) "Current ADM" used in computing a state distribution in a calendar year means the ADM for the school year ending in the calendar year.**

SECTION 25. IC 21-3-1.7-2, AS AMENDED BY P.L.192-2002(ss), SECTION 164, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: Sec. 2. As used in this chapter, "excise tax revenue" means the amount of:

- (1) financial institution excise tax revenue (IC 6-5.5); plus
- (2) the motor vehicle excise taxes (IC 6-6-5) and the commercial vehicle excise taxes (IC 6-6-5.5);

the school corporation received for deposit in the school corporation's general fund in a year. **The excise tax revenue for a charter school is zero (0).**

SECTION 26. IC 21-3-1.7-3.1, AS AMENDED BY P.L.85-2002, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: Sec. 3.1. (a) As used in this chapter, "previous year revenue" for calculations with respect to a school corporation equals:

- (1) the school corporation's tuition support for regular programs, including basic tuition support, and excluding:

- (A) special education grants;
  - (B) vocational education grants;
  - (C) at-risk programs;
  - (D) the enrollment adjustment grant;
  - (E) for 1999 and thereafter, the academic honors diploma award; and
  - (F) for 2001 and thereafter, the primetime distribution; for the year that precedes the current year; plus
  - (2) the school corporation's tuition support levy for the year that precedes the current year before the reductions required under section 5(1) and 5(2) of this chapter; plus
  - (3) distributions received by the school corporation under IC 6-1.1-21.6 for the year that precedes the current year; plus
  - (4) the school corporation's excise tax revenue for the year that precedes the current year by two (2) years; minus
  - (5) an amount equal to the reduction in the school corporation's tuition support under subsection (b) or IC 20-10.1-2-1, or both.
- (b) A school corporation's previous year revenue shall be reduced if:

- (1) the school corporation's state tuition support for special or vocational education was reduced as a result of a complaint being filed with the department of education after December 31, 1988, because the school program overstated the number of children enrolled in special or vocational education programs; and
- (2) the school corporation's previous year revenue has not been reduced under this subsection more than one (1) time because of a given overstatement.

The amount of the reduction equals the amount the school corporation would have received in tuition support for special and vocational education because of the overstatement.

**(c) A school corporation's previous year revenue shall be reduced if an existing elementary or secondary school located in the school corporation converts to a charter school under IC 20-5.5-11. The amount of the reduction equals the product of:**

- (1) the sum of the amounts distributed to the conversion charter school under IC 20-5.5-7-3.5(c) and IC 20-5.5-7-3.5(d); multiplied by**
- (2) two (2).**

SECTION 27. IC 21-3-1.7-6.7, AS AMENDED BY P.L.111-2002, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]:  
Sec. 6.7. (a) For each school corporation **that is not a charter school**, the index used in subsection ~~(b)~~ (c) is determined under the following STEPS:

STEP ONE: Determine the greater of zero (0) or the result of the following:

- (1) Multiply the school corporation's at risk index by twenty-three hundredths (0.23) in 2002 and twenty-five hundredths (0.25) in 2003.
- (2) Divide the result under subdivision (1) by three thousand seven hundred thirty-six ten-thousandths (0.3736).
- (3) Subtract three hundred sixty-four ten-thousandths (0.0364) in 2002 and three hundred ninety-five ten-thousandths (0.0395) in 2003 from the result under subdivision (2).

STEP TWO: Determine the greater of zero (0) or the result of the following:

- (1) Multiply the percentage of the school corporation's students who were eligible for free lunches in the school year ending in 2001 by twenty-three hundredths (0.23) in 2002 and twenty-five hundredths (0.25) in 2003.
- (2) Divide the result under subdivision (1) by seven hundred twenty-three thousandths (0.723).

STEP THREE: Determine the greater of zero (0) or the result of the following:

- (1) Multiply the percentage of the school corporation's students who were classified as limited English proficient in the school year ending in 2000 by twenty-three hundredths (0.23) in 2002 and twenty-five hundredths (0.25) in 2003.
- (2) Divide the result under subdivision (1) by one thousand seven hundred fifteen ten-thousandths (0.1715).

STEP FOUR: Determine the result of:

- (1) the sum of the results in STEPS ONE through THREE; divided by
- (2) three (3).

STEP FIVE: Determine the result of one (1) plus the STEP FOUR result.

**(b) A charter school's target revenue per ADM for a calendar year is the lesser of the following:**

- (1) The statewide average target revenue per ADM determined under subsection (c) for the calendar year for school corporations that are not charter schools.**
- (2) The target revenue per ADM for the calendar year for the school corporation in which the charter school is located.**

**(c) As used in this subsection, "school corporation" does not include a charter school.** A school corporation's target revenue per ADM for a calendar year is the result determined under STEP SIX of the following formula:

STEP ONE: Determine the result under clause (B) of the following formula:

- (A) Determine the result of:
  - (i) four thousand four hundred forty dollars (\$4,440) in 2002 and four thousand five hundred sixty dollars (\$4,560) in 2003; multiplied by
  - (ii) the index determined for the school corporation under subsection (a).

- (B) Multiply the clause (A) result by the school corporation's adjusted ADM for the current year.

STEP TWO: Divide the school corporation's previous year revenue by the school corporation's adjusted ADM for the previous year.

STEP THREE: Multiply the ~~subsection (a) STEP FIVE result~~ **index determined for the school corporation under subsection (a)** by the following:

- (A) If the STEP TWO result is not more than:
  - (i) four thousand four hundred forty dollars (\$4,440) in 2002; and
  - (ii) four thousand five hundred sixty dollars (\$4,560) in 2003;

multiply by ninety dollars (\$90).

- (B) If the STEP TWO result is:
  - (i) more than four thousand four hundred forty dollars (\$4,440) and not more than five thousand five hundred twenty-five dollars (\$5,525) in 2002; or
  - (ii) more than four thousand five hundred sixty dollars (\$4,560) and not more than five thousand eight hundred twenty-five dollars (\$5,825) in 2003;

multiply by the result under clause (C).

- (C) Determine the result of:
  - (i) The STEP TWO result minus four thousand four hundred forty dollars (\$4,440) in 2002 and four thousand five hundred sixty dollars (\$4,560) in 2003.
  - (ii) Divide the item (i) result by one thousand eighty-five dollars (\$1,085) in 2002 and one thousand two hundred sixty-five dollars (\$1,265) in 2003.
  - (iii) Multiply the item (ii) result by forty dollars (\$40).
  - (iv) Subtract the item (iii) result from ninety dollars (\$90).

- (D) If the STEP TWO result is more than:
  - (i) five thousand five hundred twenty-five dollars (\$5,525) in 2002; and
  - (ii) five thousand eight hundred twenty-five dollars (\$5,825) in 2003;

multiply by fifty dollars (\$50).

STEP FOUR: Add the STEP TWO result and the STEP THREE result.

STEP FIVE: Determine the greatest of the following:

- (A) Multiply the STEP FOUR result by the school corporation's adjusted ADM for the current year.
- (B) Multiply the school corporation's previous year revenue by one and two-hundredths (1.02).
- (C) The STEP ONE amount.

STEP SIX: Divide the STEP FIVE amount by the school

corporation's adjusted ADM for the current year.

SECTION 28. IC 21-3-1.7-6.8, AS AMENDED BY P.L.85-2002, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: Sec. 6.8. **(a) This section does not apply to a charter school.**

**(b)** A school corporation's target general fund property tax rate for purposes of IC 6-1.1-19-1.5 is the result determined under STEP THREE of the following formula:

STEP ONE: This STEP applies only if the amount determined in STEP FIVE of the formula in section ~~6-7(b)~~ **6.7(c)** of this chapter minus the result determined in STEP ONE of the formula in section ~~6-7(b)~~ **6.7(c)** of this chapter is greater than zero (0). Determine the result under clause (E) of the following formula:

(A) Divide the school corporation's 2002 assessed valuation by the school corporation's current ADM.

(B) Divide the clause (A) result by ten thousand (10,000).

(C) Determine the greater of the following:

(i) The clause (B) result.

(ii) Thirty-nine dollars (\$39) in 2002 and thirty-nine dollars and seventy-five cents (\$39.75) in 2003.

(D) Determine the result determined under item (ii) of the following formula:

(i) Subtract the result determined in STEP ONE of the formula in section ~~6-7(b)~~ **6.7(c)** of this chapter from the amount determined in STEP FIVE of the formula in section ~~6-7(b)~~ **6.7(c)** of this chapter.

(ii) Divide the item (i) result by the school corporation's current ADM.

(E) Divide the clause (D) result by the clause (C) result.

(F) Divide the clause (E) result by one hundred (100).

STEP TWO: This STEP applies only if the amount determined in STEP FIVE of the formula in section ~~6-7(b)~~ **6.7(c)** of this chapter is equal to STEP ONE of the formula in section ~~6-7(b)~~ **6.7(c)** of this chapter and the result of clause (A) is greater than zero (0). Determine the result under clause (G) of the following formula:

(A) Add the following:

(i) An amount equal to the annual decrease in federal aid to impacted areas from the year preceding the ensuing calendar year by three (3) years to the year preceding the ensuing calendar year by two (2) years.

(ii) The portion of the maximum general fund levy for the year that equals the original amount of the levy imposed by the school corporation to cover the costs of opening a new school facility during the preceding year.

(B) Divide the clause (A) result by the school corporation's current ADM.

(C) Divide the school corporation's 2002 assessed valuation by the school corporation's current ADM.

(D) Divide the clause (C) result by ten thousand (10,000).

(E) Determine the greater of the following:

(i) The clause (D) result.

(ii) Thirty-nine dollars (\$39) in 2002 and thirty-nine dollars and seventy-five cents (\$39.75) in 2003.

(F) Divide the clause (B) result by the clause (E) amount.

(G) Divide the clause (F) result by one hundred (100).

STEP THREE: Determine the sum of:

(A) ninety-one and eight-tenths cents (\$0.918) in 2002; and

(B) ninety-five and eight-tenths cents (\$0.958) in 2003; and if applicable, the STEP ONE or STEP TWO result.

SECTION 29. IC 21-3-1.7-8, AS AMENDED BY P.L.85-2002, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: Sec. 8. **(a) Except as otherwise indicated, "school corporation" includes a charter school.**

**(b)** Notwithstanding IC 21-3-1.6 and subject to section 9 of this chapter, the state distribution for a calendar year for tuition support for basic programs for each school corporation equals the result determined using the following formula:

STEP ONE:

(A) For a school corporation not described in clause (B),

determine the school corporation's result under **either:**

**(i) STEP FIVE of section ~~6-7(b)~~ 6.7(c); or**

**(ii) section ~~6-7(b)~~ 6.7(b);**

of this chapter for the calendar year.

**(B)** For a school corporation that has target revenue per adjusted ADM for a calendar year that is equal to the amount under STEP ONE (A) of section ~~6-7(b)~~ **6.7(c)** of this chapter, determine the sum of:

(i) the school corporation's result under STEP ONE of section ~~6-7(b)~~ **6.7(c)** of this chapter for the calendar year; plus

(ii) the amount of the annual decrease in federal aid to impacted areas from the year preceding the ensuing calendar year by three (3) years to the year preceding the ensuing calendar year by two (2) years; plus

(iii) the part of the maximum general fund levy for the year that equals the original amount of the levy imposed by the school corporation to cover the costs of opening a new school facility during the preceding year.

STEP TWO: Determine the remainder of

~~(A)~~ the STEP ONE amount; minus:

~~(B)~~ **(A) for a school corporation that is not a charter school,** the sum of:

(i) the school corporation's tuition support levy; plus

(ii) the school corporation's excise tax revenue for the year that precedes the current year by one (1) year; **or**

**(B) for a school corporation that is a charter school:**

**(i) in 2003, zero (0); and**

**(ii) after December 31, 2003, the product of the amount determined under IC 21-3-1.7-6.7(b) multiplied by thirty-five hundredths (0.35).**

If the state tuition support determined for a school corporation under this section is negative, the school corporation is not entitled to any state tuition support. In addition, the school corporation's maximum general fund levy under IC 6-1.1-19-1.5 shall be reduced by the amount of the negative result.

SECTION 30. IC 21-3-1.7-9.5, AS AMENDED BY P.L.93-2000, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: Sec. 9.5. **(a) As used in this section, "school corporation" includes:**

**(1) a conversion charter school; and**

**(2) beginning in the second calendar year after the calendar year in which a nonconversion charter school begins its initial operation, a nonconversion charter school.**

**(b)** In addition to the distribution under sections 8, 9.7, and 9.8 of this chapter, a school corporation is eligible for an enrollment adjustment grant if the school corporation's:

(1) current ADM minus the school corporation's previous year ADM is at least two hundred fifty (250); or

(2) current ADM divided by the school corporation's previous year ADM is at least one and five-hundredths (1.05).

~~(b)~~ **(c)** The amount of the enrollment adjustment grant is the amount determined in STEP THREE of the following formula:

STEP ONE: Determine the school corporation's target revenue per ADM divided by three (3).

STEP TWO: Determine the result of the school corporation's current ADM minus the school corporation's previous year ADM.

STEP THREE: Multiply the STEP ONE result by the STEP TWO result.

~~(c)~~ **(d)** Notwithstanding any other provision, for purposes of computing the amount of a grant under this section, "ADM" does not include an eligible pupil who is described in IC 21-3-1.6-1.2(a).

SECTION 31. IC 21-3-1.7-9.8, AS AMENDED BY P.L.291-2001, SECTION 98, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: Sec. 9.8. **(a) As used in this section, "school corporation" includes:**

**(1) a conversion charter school; and**

**(2) beginning in the second calendar year after the calendar year in which a nonconversion charter school begins its initial operation, a nonconversion charter school.**

(b) In addition to the distributions under sections 8, 9.5, and 9.7 of this chapter, a school corporation is eligible for an honors diploma award in the amount determined under STEP TWO of the following formula:

STEP ONE: Determine the number of the school corporation's eligible pupils who successfully completed an academic honors diploma program in the school year ending in the previous calendar year.

STEP TWO: Multiply the STEP ONE amount by:

- (1) nine hundred forty-four dollars (\$944) in 2002; and
- (2) nine hundred sixty-three dollars (\$963) in 2003.

~~(b)~~ (c) Each year the governing body of a school corporation may use the money that the school corporation receives for an honors diploma award under this section to give nine hundred forty-four dollars (\$944) in 2002 and nine hundred sixty-three dollars (\$963) in 2003 to each eligible pupil in the school corporation who successfully completes an academic honors diploma program in the school year ending in the previous calendar year.

SECTION 32. IC 21-3-2.1-1.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: **Sec. 1.5. As used in this chapter, "school corporation" includes a charter school.**

SECTION 33. IC 21-3-12-1.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: **Sec. 1.5. As used in this chapter, "school corporation" includes a charter school.**

SECTION 34. IC 20-5.5-7-2 IS REPEALED [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)].

SECTION 35. [EFFECTIVE UPON PASSAGE] (a) **An advance by the state board of finance of money from the abandoned property fund established in IC 32-34-1-33 to a charter school is forgiven.**

(b) **This SECTION expires June 30, 2005.**

SECTION 36. **An emergency is declared for this act.**

(Reference is to SB 501 as reprinted March 4, 2003.)

and when so amended that said bill do pass.

Committee Vote: yeas 7, nays 2.

PORTER, Chair

Report adopted.

## ENROLLED ACTS SIGNED

The Speaker announced that he had signed House Enrolled Acts 1078 and 1901 and Senate Enrolled Act 257 on April 3.

## OTHER BUSINESS ON THE SPEAKER'S TABLE

### Referrals to Ways and Means

The Speaker announced, pursuant to House Rule 127, that Engrossed Senate Bills 35, 75, 87, 188, 349, and 501 had been referred to the Committee on Ways and Means.

### Reassignments

The Speaker announced the reassignment of Engrossed Senate Bill 232 the Committee on Rules and Legislative Procedures.

## HOUSE MOTION

Mr. Speaker: I move that Representative Bottorff be removed as sponsor of Engrossed Senate Bill 208, Representative Mangus be substituted as sponsor, and Representative Bottorff be added as cosponsor.

BOTTORFF

Motion prevailed.

Pursuant to House Rule 60, committee meetings were announced.

On the motion of Representative Duncan, the House adjourned at 11:05 a.m., this third day of April, 2003, until Monday, April 7, 2003, at 1:30 p.m.

B. PATRICK BAUER

Speaker of the House of Representatives

DIANE MASARIU CARTER

Principal Clerk of the House of Representatives